



KENTUCKY AGRICULTURAL RELIEF EFFORT PROGRAM

(Approved February 15, 2008)(Revised April 2, 2008)

The following guidelines and recommendations have been developed for the implementation of the Kentucky Agricultural Relief Effort (K.A.R.E.) Program utilizing 2008 Kentucky Agricultural Development Funds.

Guidelines are considered to be minimum standards and shall be incorporated into cost-share programs. The applicant or county council can implement stricter requirements (i.e. lower cost-share amounts than the state maximum), except for the ***Eligible Investment Items and Producer Application***, which are ***standard*** statewide.

If you require additional information concerning these requirements, please contact the Governor's Office of Agricultural Policy at (502) 564-4627.

I. Eligible Cost Share Items

The following commercial agricultural investment items are considered to be eligible for assistance through the K.A.R.E. Program. Each item has been deemed beneficial as a precautionary and/or recovery expense relative to weather related events. A minimum of 15 out of the 18 eligible item categories must be offered when administering the K.A.R.E. program:

1. **Drilling for subsurface aquifers and well establishments**
2. **Developing and piping on farm springs**
3. **Construction of small stream water basins**
4. **Establishing and enhancing on-farm ponds**
5. **Water hook-up to city/county water lines for farm usage**
6. **Irrigation equipment, structures, and components**
7. **Forage/Pasture Development**
 - a. Seed: Only Certified or Plant Variety Protected or Proprietary varieties
 - b. Limestone based upon a soil test taken within the past 12 months
 - c. Fertilizer and/or soil amendments as applied in accordance with a recent soil test
 - d. Inoculants
8. **Pasture/Grain Improvement**
 - a. Seed: Only Certified or Plant Variety Protected or Proprietary varieties

- b. Limestone based upon a soil test taken within the past 12 months
- c. Fertilizer and/or soil amendments as applied in accordance with a recent soil test
- d. Specialized spraying equipment and/or attachments
- 9. Filter fabric pads for heavy use areas**
- 10. Fence and water** – excludes plank and decorative fencing
 - a. Fence, posts, and related materials such as fence chargers, ground rods, voltmeters, etc.
 - b. Materials related to development of a distributed water system, including but not limited to water lines, tanks, waterers, and installation costs
- 11. Seeding: Custom Services & Rental of Equipment**
 - a. Custom seeding services provided by a third party are eligible for re-imbursement on a cost-share basis.
 - b. Rental no-till drill or pasture renovator is eligible for reimbursement on a cost-share basis.
- 12. Cooling Fans and Sprinkler Systems**
- 13. Shade cloth and other temporary or permanent agricultural shelters**
- 14. Feeding equipment, commodity storage structures, hay wrappers, feed mixers, and silage feeding/storage equipment** (excludes forage harvesting equipment)
- 15. Crop Insurance Premiums** (For 2008 coverage based upon active contract and invoiced premium) – excludes tobacco
- 16. Trailers, wagons, and other forage/commodity transportation related equipment** (excludes livestock trailers)
- 17. Animal waste handling equipment**
- 18. Rootstock and trees and certified, hybrid, and/or other seed varieties** in conformance with the University of Kentucky recommendations (for commercial production/not for residential practices)

- ❖ Tractors, skid steer loaders, and other motorized self propelled equipment and vehicles (except irrigation systems) are excluded from this program.
- ❖ Administrators are encouraged to utilize/offer all 18 Eligible Cost Share Items but shall administer a minimum of 15.

II. Application Procedures and Guidelines

A. Guidelines for Local Agency Application for Program Administration

1. The local agency must be qualified and willing to administer the full responsibilities of the program. A tax identification number, a letter expressing a willingness to administer the program, and an indication of specific individuals that will be responsible for administering and reporting on the program must be included in the application.
2. Regional agencies may participate as grantees, if Agricultural Development Councils from the region concur. Regional grantees will be required to account for Kentucky Agricultural Relief Effort Funds on a county-by-county basis and may spend the County K.A.R.E. funds only in the County from whose account funds are drawn.

3. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. The program administrator shall indicate who they are and their position within the organization.
4. Either the fiscal agent or the individuals who sign checks for the program shall be bonded or appropriately insured at a level sufficient to cover the amount of the funds being administered. Documentation of bonding or appropriate insurance shall be submitted with the original K.A.R.E. application.
5. The *K.A.R.E. Program Application*, including cover sheet and all other documents specified in the application, must be submitted with a *County Priority Sheet* for new program requests. Requests for additional funds, within the 18-month term of the original agreement, require the *Application Cover Sheet* and the *County Priority Sheet*.

The program administrator shall submit minutes of a business meeting held within the past 12-months where signatory authorization is given to the Authorized Representative listed on the application cover sheet.

6. K.A.R.E. Funds contributed to the program cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.
7. A county program administrator may choose to establish a pro-rate funding system at their discretion. If a pro-rate system is going to be used, the administrator shall notify GOAP and approved producers of their system.

The County Council may approve a reduction in the producer's cost-share for this program to an amount **no less than** 25%. This decision and the cost-share percentages shall be indicated on the *County Council Priority Sheet*, which is sent to the Governor's Office of Agricultural Policy (GOAP) with the application.

8. Counties shall place a dollar cap on the maximum cost share per FSN [defined by Social Security Number (SSN) / Tax Identification Number (TIN) **and** Farm Serial Number (FSN)] for **KENTUCKY AGRICULTURAL RELIEF EFFORT PROGRAM** of up to **\$7,500** (75/25) or **\$5,000** (50/50) for the 18-month period from the execution date of the legal agreement between the administrator and the Kentucky Agricultural Development Board.

**Funding for the K.A.R.E. Program shall be limited to
one application per FSN.**

9. Amount budgeted for administrative expenses shall not exceed 5% of the total K.A.R.E. funds per county nor shall it be used to replace the funding sources of existing or established salaries and positions. Program administration funds may be used for costs above and beyond normal duties and salaries that are associated with:
 - a. Processing of producer payments;
 - b. Processing of producer applications;
 - c. Completion of program reporting forms;
 - d. Promotion of program availability;

- e. Cost of bonding; and
- f. Program compliance activities

One or more local agencies may combine administrative functions to create more efficient programs of grant administration.

10. The program administrator shall ensure that commingling of K.A.R.E. funds with other funds does not occur. **Therefore, the K.A.R.E. program's funds shall reside in a unique and separate bank account from any other account.** K.A.R.E. funds may not be included in any accounts that are used to administer other Kentucky Agricultural Development Fund programs.

Administrators who are the fiscal agent for multiple counties shall keep at a minimum one bank account per county.

11. Local program sign-up and advertising shall not occur prior to the execution of the legal agreement between the program administrator and the Kentucky Agricultural Development Board.

B. Guidelines for Local Agency Administration

1. After receiving a copy of the executed agreement, there shall be a minimum of two consecutive weeks (10 business days) of advertising with applications being accepted no earlier than two weeks after the date of the first advertisement.

For example, when the administrator receives a copy of their executed agreement they may begin advertising for sign-ups. If the first advertisement runs January 15, then the first application may be taken January 29.

2. An advertisement must, at the very least, be prominently displayed in the county's newspaper where the most farmers will see it. A copy of the advertisement, which included the name and date of the newspaper, shall be submitted to the KADB staff.
3. The application and program promotion and communication plan should be outlined in the agency's application for K.A.R.E. Funds. The application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.

The producer application for the program will be provided to the administrative agency for that particular county by the GOAP Compliance Department. Award of cost-share funds shall be based upon **mandatory** evaluation criteria established by the Kentucky Agricultural Development Board.

Administrators are **required** to use the scoring system provided by the Kentucky Agricultural Development Board. The scoring criteria will be provided to the administrative agency by the GOAP Compliance Department once all producer applications are submitted.

The program administrator shall establish a committee or process to review each application for completeness and score each application according to the evaluation criteria established by GOAP for the program. The administrator shall establish a

method for breaking scoring ties prior to conducting the scoring evaluation.

4. Deadlines shall be established for producer application (no later than August 1, 2008) and reimbursement periods so producers have concrete timelines to implement the program. Should they fail to meet the deadlines for reimbursement, their funds may be redesignated to another producer being considered for cost-share assistance.
5. Approved producers must submit **ALL** receipts to document cost-share match associated with the program/investments **before** funds are reimbursed.

Producers shall not be eligible for assistance through the K.A.R.E. Program in an amount that exceeds the amount of cost-share allowed by their county, state or federal agency for the same practice.

6. The program shall be open to all county/regional producers and shall not be tied to participation in any organization.

Administrators shall not reject an application solely based on the applicant's residency, assuming funding is available and the application meets the program guidelines. Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

7. Each individual/producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
8. Producers shall be eligible for reimbursement on expenses incurred since December 1, 2007.
9. County Agricultural Development Councils shall forward Administrator Applications or Non-Participation Agreement for the K.A.R.E. program to GOAP no later than July 1, 2008.
10. Producer Applications for the K.A.R.E. Program must be turned into the County Administrator no later than August 1, 2008.
11. Administrators shall establish producer reimbursement deadlines.
12. Administrators shall monitor any permitting required for stream water basins construction and establishing and enhancing on-farm water ponds (i.e., dam construction, stream construction, floodplain construction, wastewater discharge, water withdrawal, wild rivers protection, groundwater protection, watershed management, animal feeding operations, concentrated animal feeding operations, etc.). Kentucky Division of Water permitting information can be found at <http://www.water.ky.gov/permitting/>.
13. Program administrators are strongly encouraged to conduct random site visits.

14. Legal agreements between the program administrator and the Kentucky Agricultural Development Board shall be for a term of 18-months from the execution date of the agreement. There will be no renewals or extensions of this agreement.
15. If funds set forth in the agreement between the Kentucky Agricultural Development Board and the administrator are not completely utilized within the term of the legal agreement, then remaining funds, including interest, shall be returned to the Kentucky Agricultural Development Board for redeposit into the county's account.

Checks shall be made payable to the **Kentucky State Treasurer**.

16. Funds received through the K.A.R.E. program do not apply to model program lifetime limits through the Governor's Office of Agricultural Policy.
17. **Reporting: Semi-annual Reporting**, *K.A.R.E Detail Report* and *Summary Report* are required of the program administrator every 6-months for 18-months after the execution date of the legal agreement. Reporting forms can be downloaded from <http://agpolicy.ky.gov/drought/drought/.shtml>. These reporting forms shall be submitted electronically to govkyagpolicy@ky.gov or on a diskette mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601.

Also, copies of bank statements with check numbers and amounts shall be kept on file according to the legal agreement and presented in the event of an audit. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

The **close-out** of this agreement shall occur when the above report is completed and verified, and any programmatic data due from producers is submitted. This final close out may occur at any date but shall not exceed 60 days from the 18-months duration of the program.

18. The administrator shall produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account in the case of a review by Governor's Office of Agricultural Policy staff.
19. Administrators who fail to follow the guidelines for the K.A.R.E. Program, or who fall behind in reporting, may be placed on a "watch list" or placed on "probation." Administrators who are placed on probation and do not meet the terms of their probation may be "suspended" and no longer eligible to administer Kentucky Agricultural Development Fund programs/projects.

C. Guidelines for Producer Application

1. A producer application for the program will be provided to the administrator by the Kentucky Agricultural Development Board.
2. The producer application must be submitted by **close of business on August 1, 2008** or earlier set by administrator.

3. The producer application must be signed and dated by the producer and must include a date/time stamp from the program administrator, as well as the initials of the person logging in the application. The administrator shall establish a method for breaking scoring ties prior to conducting the scoring evaluation.
4. Postmarks or dated letters of application shall not override the stamp applied by the administrator.
5. A producer application from an individual without a Tax ID (TIN) / Social Security (SSN) Number **and** Farm Serial Number (FSN) will be considered incomplete.

Tenant farmers or those leasing land where the cost-share improvements will be located should supply a copy of their Schedule F, if they are unable to obtain permission to use the owner's FSN.

For all capital construction projects/improvements, the land owner **must** be the applicant.

D. Producer Funding Guidelines

1. Fund distribution to producers will be on a reimbursement basis.
2. The producer shall supply **ALL** numbered and dated receipt(s) indicating buyer and seller information in order to be eligible for payment. Payment shall only be made for eligible cost-share items identified in Section I of these guidelines.
3. Producers who intend to take part in the program shall supply a Social Security (SSN) or Tax ID (TIN) number **and** Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Kentucky Agricultural Development Board.

Funding for the K.A.R.E. Program shall be limited to one application per FSN.

The Kentucky Agricultural Development Board recognizes every applicant's right to privacy and understands its obligation to keep applicant/producer information confidential. Any information provided to the Kentucky Agricultural Development Board or Program Administrator on individual producer applications for model programs, such as the applicant's Social Security / Tax Identification Number, will be kept confidential by authority of the Kentucky Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Kentucky Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

4. Should the producer fail to utilize funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next available application.
5. Reporting requirements:
 - a) A detail report of all producers that participated in this program and received reimbursements is required. As well as a Summary report indicating the total amount of funds that has been disbursed.
 - b) Producers shall be informed about the possibility of random site visits.

- c) Exact reporting requirements shall be determined at the state level and shall utilize the reporting forms available from the Governor's Office of Agricultural Policy. Reporting shall include adequate information to evaluate the progress of the overall program and can include additional information along with the state reporting forms.
- 6. If a producer fails to meet the requirements of the program guidelines, then they will not be eligible for any future funding opportunities.
- 7. Any applicant known to be non-compliant in any other Agricultural Development Fund program shall not be eligible for K.A.R.E. funds. Applicant has 10 days from written notification of approval from the administrator to cure the non-compliance.

III. Recommendations to County Administrators

The Kentucky Agricultural Development Board makes the following recommendations for consideration by the county applicant:

- It is recommended that the applicant be a non-profit group so as to be sure that as much funding as possible goes to the project.
- It is recommended that someone is responsible for being sure the producer completely understands the requirements for participating in the program.
- Set reimbursement date early enough to allow for funding other applicants should not all funds be utilized.